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ABSTRACT

This report focuses on cost containment problems in Vermont's special education system and makes recommendations for reform. It examines the context of special education in terms of civil rights, advocacy, and individual versus system needs. The question of runaway costs in special education is addressed and supported with data from the fiscal year 1991 Special Education Service Plan. The report concludes that schools can bring about some fundamental changes in the manner in which children with disabilities are served and bring special education costs into reasonable alignment with general education costs. Recommendations include: (1) improve coordination of special, compensatory, and regular education services; (2) clearly articulate the purposes and parameters of special education; (3) prepare all educators to work effectively with students who have special needs; (4) provide special education only for those students who have a clear and compelling need for specially designed instruction and related educational services; (5) continue the commitment to early intervention; (6) develop service delivery models that achieve maximum cost-effectiveness while appropriately meeting students' needs; (7) keep the public well informed about special education costs; and (8) closely monitor implementation of the special education formula. School district reports of unmet needs in special education are summarized, focusing on the statewide need for an additional 85 specialists. (JDD)

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New Directions for a New Decade

A Report of the Special Commission on Special Education

Prepared for: Governor Madeleine Kunin
The Vermont General Assembly
The Vermont State Board of Education

January, 1990

EC 300378

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Act 235 reports:

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New Directions for a New Decade

January, 1990

In the spring of 1989, the Vermont legislature appropriated an unprecedented 38% increase in state funds for special education. At the same time, the legislature established a Special Commission on Special Education to *"review special education eligibility standards, service delivery models, and cost containment strategies and make recommendations for reform consistent with legal obligations toward students with handicapping conditions, sound educational practices and cost-effective service delivery methods."* The creation of the Commission set the stage for a candid and thorough review of Vermont's highly complex and very expensive special education system.

The high cost of special education in Vermont has been the focus of six summer study committees, blue ribbon panels, or special commissions since the enactment of PL 94-142 in 1976. This is the first commission to acknowledge that the high costs of educating children with disabilities is not a special education problem alone. If we are to achieve a significant containment of special education costs in the future, new or expanded roles must be assumed by regular education, teacher training institutions, and other state agencies.

Because the Commission's charge was to make *"recommendations for reform"*, the report focuses primarily on problem areas. This in no way implies that special education has failed. The Commission wishes to acknowledge the superb work that many special educators do in Vermont. Selected districts have succeeded in solving many of the problems addressed in this report. Virtually all of the improvements recommended by the Commission have been implemented in some districts.

The great challenge ahead is that of getting all districts to take the steps that a few districts have taken to reduce special education enrollments and to achieve maximum cost effectiveness in the delivery of services to students with disabilities.

Following six months of information gathering and public discussions, the Commission finds that:

- Many children who experience mild learning difficulties are being classified as handicapped in order to access special help that could be made available at less cost through regular and compensatory education.
- Special education enrollments vary across supervisory unions from 6.7% of the total population to 19.6%. Across school districts, they vary from less than 3% to more than 28%. Pre-referral interventions are not systematically followed. Districts do not uniformly exhaust other supplemental and remedial services before referring students for special education.

- Teachers are inadequately prepared to handle the diversity of learners who will comprise the classrooms of the 1990's. Many of the state's teacher training institutions do not equip beginning teachers with the skills they need to succeed.

- Special education has been forced to pick up an ever-widening circle of costs because of the closing of state institutions and because of inadequate family services such as respite care, counseling, crisis intervention, and short-term residential treatment services.

- Average per pupil expenditures for special education range across supervisory unions from less than $3,000 to more than $8,600. School districts have implemented service delivery models that vary dramatically in per pupil costs. There is no evidence that higher costs result in increased performance outcomes.

- Vermont and Massachusetts lead the nation in the percentage of students with specific learning disabilities who are placed in private residential schools at public expense.

- One third of the students in regular education - 32,000 children - are performing sufficiently below grade level to qualify for Chapter 1 or special education services. What is most disturbing is that more than 10,000 of the children who qualify for Chapter 1 do not receive the extra assistance that educators say is vital to their future success.

- The number of students classified as seriously emotionally disturbed has increased by 75% in five years. Except in certain regions, educational and mental health services for this population are distressingly inadequate. This results in unnecessary residential placements.

- Residential placement costs have doubled in two years because of mounting pressures to remove troubled students from the schools and because of the lack of any rate setting controls by the state.

Special education is an enormously complex field which has seen remarkable growth in the past decade. In some Vermont schools, every fourth child is now served in special education - twice the level envisioned by Congress when it capped reimbursements under EHA-B at 12% of the school-aged population. Entitlement provisions and explicit safeguards prohibit schools from dropping students without first completing comprehensive evaluations and presenting evidence that eligibility standards are no longer met. Thus, a great deal of thoughtful planning will have to be devoted to reducing special education enrollments and costs. Achieving a turnaround will demand the participation of virtually all teachers, administrators, school boards, and parents.

The Cost Containment Context

The education of children with disabilities in the next decade will present some formidable challenges. Dynamic leadership at both the state and local level will be needed to forge a service delivery system that will meet the needs of all students with disabilities while, at the same time, complying with rigorous federal mandates and remaining affordable over a period of several years. Everyone must recognize that such an undertaking will constitute a high-cost venture, even with vigilant attention given to controlling costs in every public and private school in Vermont.

The Civil Rights Dimension: For many decades, children with moderate disabilities were denied access to public schools. As a consequence, two far-reaching federal laws were enacted which guaranteed each qualifying child the right to a free and appropriate public education. The two laws, PL 94-142, The Education of All Handicapped Children's Act (1976), and PL 93-112, Section 504, Non- discrimination on the Basis of Handicap (1973), have had a profound impact on public education. There are a dozen attorneys in Vermont who are engaged virtually full time in disabilities law and another dozen attorneys who devote a substantial share of their time to this area of law. Lawmakers, school boards, and taxpayers can be assured that no cost containment measure taken at the state or local level will succeed if it denies the readily enforceable right of any eligible child to a free and appropriate (which means individually prescribed) education.

The Parent and Advocacy Dimension: Parents play a leading role in special education. The Handicapped Act gives parents specific rights. These include the right to:

- Contribute to the development of their child's individualized educational plan.
- Appeal any placement or service delivery decision to an impartial hearing officer or court of law.
- Request an independent evaluation at public expense.
- Be accompanied at IEP meetings by an advocate, private evaluator, attorney, educational specialist, or other person.

Several groups exist to support parents and to provide them with information about their rights and the rights of their children. Parents and advocacy organizations will actively monitor the impact of all state and local cost containment measures.

Individual Versus System Needs: Unlike regular education which focuses for the most part on groups of children, special education focuses on individuals. Its heart and soul is the individualized education plan - a unique set of educational goals and objectives for every eligible child. The purpose of an IEP is to give both parents and teachers meaningful involvement in deciding the instructional goals a student will pursue. IEPs must be individually tailored and address all areas of unique need, including accommodations needed in regular classes. As a consequence of the IEP mandate, special education costs are subject to the individual decision-making that takes place among parents, teachers, and administrators at least annually for each of the 12,717 students served in special education. Costs cannot be contained by arbitrary decisions made by superintendents or school boards to limit services. Whenever administrators make changes in the delivery of special education services, it must be with the assurance that IEP goals and objectives can be met through the reconfigured services.

Understanding the Context: It is essential that lawmakers, school boards, and taxpayers understand the context in which cost containment must be pursued. Cost containment measures should not force reasonable parents to seek appropriate services through legal means. Cost containment must be an achievement made by schools in concert with parents.

Are Costs Out of Control?

The question of runaway costs in special education was addressed at length by the Commission. A detailed analysis of FY 1989 expenditures and a preliminary analysis of 1991 Special Education Service Plans (both reports are available upon request) were completed for the Commission's consideration.

In October, 1990, a comparison can be made of the FY 1989 and FY 1990 actual expenditures for special education. As of now, only the projected costs given in the Special Education Service Plans can be compared. These are the costs that the Department of Education uses (as required by 16 VSA 2967) in making its annual appropriations request.

The projected Service Plan expenditures for FY 1991 are $65.1 million as of December, 1989. The comparable Service Plan projections for FY 1990 were $58.5 million. The year to year increase is 11.3%, about three percent (3%) greater than the elementary foundation cost increase announced on December 1, 1989.

An analysis of the Service Plans shows that personnel costs constitute nearly 90% of the projected expenditures. The average salary for mainstream teachers (speech pathologists, resource room teachers, and consulting teachers) was $25,900 for FY 1989 and will be $28,300 for 1990, a 9.3% increase. A substantial share of the 11.3% anticipated FY 1991 increase is attributable to increases in salaries and fringe

benefits. The remaining increase is attributable to program expansions and new initiatives.

Under the new funding formula, there are no controls on program expansion. Districts are required to notify the Commissioner of Education 18 months before seeking reimbursement on new initiatives. The Commissioner, however, cannot place any limits on new initiatives provided that the items fall within the allowable cost categories. Nor is there an accurate way to gauge how many of the "proposed" initiatives will receive the local funding needed for their implementation.

Table 1 gives an indication of the program expansions and new initiatives that are slated for the 1990 - 1991 school year. On April 15, 1989 (the mandatory notification date for new initiatives) districts reported that they plan to initiate about $3 million in new programs for the 1990 - 1991 school year. The state's share of these programs under the intensive services formula will be about one-third of the total cost, or $1 million.

Certain items within the special education budget have seen remarkable growth in the past five years. Residential costs have doubled in the past two years. Tuitions to private schools will exceed $5 million in FY 1991. The use of teacher aides has skyrocketed. In FY 1991, more than $8.9 million will be spent on aides, $4.8 million for teacher aides and $4.1 for individual aides. To put this in perspective, the Department was spending about $250,000 on individual aides in the early 1980's. Psychological services will cost more than $2.2 million in the upcoming school year. A significant portion of this cost will be for individual evaluations. A notable cottage industry has been spawned by the federal regulations which give parents the right to independent evaluations at public expense. Services for students who are wards of the state or who are under the care of community mental health centers have more than doubled in the past four years. State wards now represent a $5 million line item within special education. The highest increases in special education spending have been associated, for the most part, with students who are severely aggressive and disruptive. The number of students with severe emotional disturbance has increased by 75% in the past five years. This has had and will continue to have a profound impact on special education costs.

Before firm conclusions are reached as to whether or not special education costs in general are out-of-control, we need at least one or two years of complete expenditure data. Except for the items referenced above which have truly skyrocketed in cost, other special education costs appear to be more in keeping with the rates of increase for all educational programs. The service plan data show an 11.3% increase over last year's service plan estimates which is 3% above the FY 1991 foundation aid rate increase.

TABLE 1

FY'91 SPECIAL EDUCATION SERVICE PLAN

STUDENT AND STAFF INFORMATION

SERVICE CATEGORY	NO. OF STUDENTS		STAFF FTE PROVIDING SERVICES			
			PROFESSIONALS		AIDES	
	THIS YEAR	NEXT YEAR	THIS YEAR	NEXT YEAR	THIS YEAR	NEXT YEAR
RESIDENTIAL PLACEMENTS	144	130	–	–	–	–
SPECIAL CLASS INSTRUCTION	1,044	1,036	94.12	92.31	94.50	88.20
RESOURCE ROOM AND CONSULTING TEACHER/ LEARNING SPECIALIST SERVICES	9,190	9,828	453.90	468.00	418.70	438.80
BEHAVIORAL SPECIALIST	261	338	9.79	15.69	15.64	18.20
INTEGRATION FACILITATOR SERVICES	363	495	23.22	33.19	40.05	43.63
EMPLOYMENT SPECIALIST SERVICES	357	456	18.45	20.81	13.87	18.17
OTHER DIRECT INSTRUCTION	27	44	0.20	0.79	3.00	3.38
VISION SERVICES	89	102	1.19	1.36	0.10	0.10
ADAPTIVE PHYSICAL EDUCATION SERVICES	437	480	13.35	10.70	2.32	2.22
INDIVIDUAL AIDES/TUTORING	751	833	10.77	8.60	470.40	532.30
HEALTH SERVICES	95	105	3.43	3.44	0.00	0.00
OCCUPATIONAL AND PHYSICAL THERAPY	976	1,096	12.08	16.71	5.56	3.96
COUNSELING SERVICES	778	947	15.12	18.54	0.00	0.00
ASSESSMENT SERVICES	3,318	3,636	27.06	29.88	0.00	0.00
SPEECH LANGUAGE INSTRUCTION	6,261	6,621	160.60	182.50	82.70	85.40
AUDIOLOGY AND DEAF EDUCAITON	276	296	7.84	8.04	12.15	14.00
TRANSPORATION SERVICES	764	767	21.83	24.19	24.34	24.64
OTHER RELATED SERVICES	82	98	4.64	5.34	3.00	3.00
TOTALS	25,069	27,178	877.59	940.09	1,186.33	1,276.00

This Year: 1990-1991
Next Year: 1991-1992

Commission Recommendations

Based on information provided by local leaders, the Commission asserts that schools can bring about some fundamental changes in the manner in which children with disabilities are served. In doing so, school systems can be strengthened, students can be better served, and special education costs can be brought into reasonable alignment with general education costs.

Recommendation #1: *State and local leaders must seize every opportunity to strengthen schools through improved coordination of special, compensatory, and regular education services. At the building level, services should be utilized in whatever manner results in the fewest students being labelled as handicapped while being appropriately educated. Effective compensatory education services, supported with local, state, and federal funds, should be available to all students who are failing or are at risk of failing academically.*

It is time to give thoughtful consideration to restructuring both regular and special education so that a unified system emerges which is capable of serving students with a wide range of abilities within the mainstream of public education. There has been a growing debate over the efficiency of special classes, particularly for children who are regarded as being learning impaired (mentally retarded). Experts say that segregating children deprives them of important role models and valuable social experiences that help children assume maximum independence later in life.

Schools in several communities (for example: Winooski, Wilmington, Swanton, Bakersfield, and Morristown) have demonstrated that supplemental, remedial, and special instruction can be offered in regular classes on a daily basis, thereby enabling students with moderate disabilities to succeed in regular class placements. Follow-up data collected in a dozen states have failed to justify the segregation of children with learning impairments. While children with learning impairments may need special accommodations and special instruction, many experts now contend that we went too far in removing these children from the regular school environment. The separate and more costly system which we created did not better prepare these students to meet life's demands than could have been done through regular education with support services.

We can identify a dozen or more variables which enhance the ability of regular education to serve a wide range of students well:

Reasonable class sizes
Supportive leadership
Skilled regular and special educators
Student planning teams
Ongoing inservice training
Trained paraprofessionals
Ample planning time
A positive school climate

One of the principal barriers to the merger of special and regular education is the regulatory aspect of special education. For a meaningful merger of special and regular education to occur, some of the regulatory dimensions of special education must be eliminated or streamlined. Specialists should be able to spend the majority of their time giving direct assistance to regular educators, paraprofessionals, and students - not doing paperwork or pursuing regulatory compliance.

With strong compensatory education services in place statewide, the demand for special education would be reduced significantly. School systems like South Burlington and Wilmington have demonstrated that special education enrollments can be maintained at the 10% level or below if strong remedial and supplemental services are in place. These schools have demonstrated the merits of expanding compensatory education services in Vermont. Like special education, compensatory education provides both remedial and supplemental help in small groups or in one-on-one instructional settings.

In many elementary schools, it would be difficult to distinguish between the instruction that takes place in resource rooms and compensatory education (or Chapter 1 programs). In fact, in several rural schools, one teacher serves both special education and Chapter 1 eligible children. Statewide, about 1000 children participate in both compensatory (Chapter 1) and special education. Typically, these students receive extra help with reading and language arts through special education and extra help with math through Chapter 1.

Techniques that help to raise a child's reading competence work equally well whether applied in the name of compensatory education, special education, or regular education. Because of less "red tape" in compensatory education, it makes great cost- containment sense to serve as many students as possible in compensatory education. This is because Chapter 1 or compensatory teachers can spend a greater percentage of their time providing instruction and in preparing effective instructional resources. In special education, 30% to 40% of a teacher's time must be spent on paperwork, meetings, and mandated procedures. A dollar spent on compensatory

education buys 25% to 35% more instructional time than the same dollar can buy when spent on the highly regulated special education system.

The use of compensatory education prior to special education is a requirement in Vermont, but one that is not widely followed. Special education rule 2362 states that a student "*is not in need of special education ... whose condition does not adversely affect achievement under standard instructional conditions, including remedial or supplemental services, when available.*" In essence, this rule says that a child whose performance can be maintained at or near grade level through compensatory education services (or other supplemental instruction) should not be served in special education. It is time for the schools of Vermont to start putting rule 2362 into practice.

It is also time for the legislature to consider putting state resources into compensatory education so that it has the capacity to serve all qualifying students.The present state aid formula has a poverty adjustment factor that generates additional student units for towns which have a significant number of students who live below the federal poverty line. This formula component generates about $8.4 million in aid; however, because of the various wealth factors that drive the formula, only about $5.7million in actual state aid dollars is sent to towns. Even so, the $5.7 million is not necessarily spent on remedial or supplemental services for disadvantaged children.

We could serve a substantial number of children who qualify for, but do not receive, compensatory education services and could significantly bring down the number of children served in special education by combining the $9 million in block grant funds and $5.7 million in the poverty adjustment factor and give it to schools with the requirement that they contribute an equal (or greater) amount of local funds to create a very strong remedial and supplemental instruction capacity that eradicates failure in the basic skills (reading, math, and language arts).

The Commission strongly supports the students-at-risk initiative which the House Education Committee has under consideration. In brief, this initiative will provide financial support, training, and technical assistance for six to eight Vermont schools which want to improve services for at-risk students. Schools selected for the pilot phase of the proposed initiative will have a large proportion of students who are at-risk of failing academically.

Staff development and technical assistance will be provided for each school based on the identified needs of the school. Pupil progress will be carefully monitored and modifications in each school's program will be made based on the student outcomes.

Participating schools that demonstrate strong student outcomes will become "lighthouse" programs available for other Vermont schools to visit. The initiative will allow schools to experiment with creative approaches. Effective (and ineffective) approaches will be identified based on the successes and failures of the participating schools.

The success of the initiative will be measured by the academic progress made by the school's lowest performing students.

Recommended Steps:

1. The Commission supports the restructuring of schools through the awarding of challenge grants. This modest initiative should be continued at the funding level requested by the State Board of Education, $60,000 for FY 1991. The Department should continue to offer high quality training and technical assistance to schools which wish to pursue restructuring.

2. Full support should be given to legislation which targets state funds for compensatory education services.

3. The State Board should challenge schools to eradicate failure in basic skills (reading, math, and language arts) in the early grades. Schools should given maximum flexibility in the use of block grant, Chapter 1, and other funds to implement their plans. Programs such as the Reading Recovery program for at-risk first graders (Ohio State University) should be actively promoted.

4. The Department should work with Vermont's congressional delegation and with officials in the executive branch to pursue regulatory flexibility in exchange for high quality services for students with special needs.

5. The Vermont Association of Special Education Administrators, the Vermont Headmasters Association, and the Vermont Superintendents Association should form a task force to pursue strategies for the merger of special, compensatory, and regular education.

6. Wide publicity should be given to those school districts which have taken bold steps to merge regular, compensatory, and special education. Outcome data should be collected to document the benefits of local restructuring efforts.

7. Schools should be required to fully implement State Board rule 2362 which requires the use of remedial and supplement services prior to special education.

Recommendation #2: *State and local leaders must clearly articulate the purposes and parameters of special education. There must be a common understanding of what special education is, and what it is not.*

The fundamental purpose of special education is to ensure that children with disabilities receive the same educational opportunities they would receive if they were non-disabled. Special education is not a passport to a universally "ideal" education. It is a commitment on the part of the state and each of Vermont's 250 districts to have each child's disability evaluated and its adverse effect on educational performance addressed through an individualized education program.

The purpose of special education is to ensure that children with disabilities benefit as much as other children do from the education offered by their community. The richness of the curriculum and the amount of instructional resources available to students varies across communities even though Public School Approval standards are in place to ensure a minimum level of quality in each school. Teachers receive considerably more inservice training in some communities than others. Base salaries differ among schools. Building level leadership is strong in some communities, and less so in others. Consequently, school climate varies visibly from school to school.

Special education should provide each eligible child the level of supplemental instruction and the types of related services needed for a student to progress from grade to grade, making gains in keeping with their abilities, prior learning experiences, motivation to learn, the overall quality of their school, and the encouragement and enrichment experiences given at home.

The Need for A More Narrowed Focus: First, too many children with mild disabilities are being referred to special education because of the failure of general education to meet their needs. Second, special education is being forced to cover too many non- educational costs. Since closing Brandon Training School to school- age youth, there has been an insufficient number of residential services established by Mental Health for school-age youths whose families cannot provide around-the-clock care. Consequently, education is paying the residential placement costs for 20 or more youths with moderate to severe mental retardation. In addition, special education is paying for respite care, in-home attendant care, structural modifications, family counseling and other services that, prior to PL94-142, would never have been billed to a local education agency or the Department of Education. Special education's fiscal responsibilities should be limited to educational costs.

Family counseling, respite care, residential services, psychotherapy, occupational and physical therapy are examples of services that in many instances should be covered by other departments in the Agency of Human Services. Medicaid is used much more extensively in other states. If the legislature, the Governor, and educational leaders earnestly desire the containment of special education costs, then the

responsibilities of special education must be narrowed and those of various departments in the Agency of Human Services must be clearly defined and adequately funded.

Addressing Needs Versus Preferences: At a statewide conference on advocacy and the law, a special education teacher asked what steps secondary schools must take when a student refuses the special education services offered in a resource room setting because the student perceives it as the "dummy room". The response given by an attorney was that a private school placement should be considered in such situations so that the student's self-esteem needs would be appropriately addressed.

It is true that there are students with specific learning disabilities who can benefit substantially by private school placements where class sizes are small, the curriculum is tailored to students who have language processing problems, key concepts are presented in multiple modes (auditory, visual, and tactile), and study periods are mandatory, including supervised study halls in the evening hours. The educational milieu and services found in most private schools would benefit many students. They do not, however, represent the basic educational opportunities offered all students in the community. They are not what is generally provided so that students can perform at grade level or acquire functional skills. Rather, they are the services that students receive whose parents elect to send them to private preparatory schools.

Vermont and Massachusetts lead the nation in the percentage of students with specific learning disabilities who attend private residential schools at public expense. There are students in high cost residential schools who have above-average ability and marginally qualify for special education services. All of these represent parent-initiated, unilateral placements which are supported in several cases by private evaluators. Special Education costs will continue to escalate if special education is forced to provide special classes and private schooling for students who, with appropriate consultative and tutorial assistance, are capable of performing at or above grade level.

At issue in these private school placements is the question of what public schools must do to meet special education's minimum required standard, a free appropriate public education. There are four criteria which must be met to fulfill the FAPE standard. Special education must:

1. *Be provided at public expense, under public supervision and direction, and without charge.*

2. *Meet the standards of the State educational agency and meet applicable federal regulations.*

3. *Include preschool, elementary school, or secondary school education in the state involved, and*

4. *Be provided in conformity with an individualized education program.*

To date, only one Supreme Court decision has been issued related to the free appropriate public education standard. In Rowley v The Board of Education of Hendrich Hudson Central School District 102 S. Ct. 3034 (U.S.Supreme Court, 1982), the court held that a child was offered a free appropriate public education by receiving a "*basic floor of opportunity*" and that "*services must confer some educational benefit upon the handicapped child.*" The majority opinion of the court held that a "free appropriate public education" is offered when the school provides personalized instruction with sufficient support services to permit the child to benefit educationally from that instruction. Such instruction and services should be reasonably calculated to enable the child to achieve passing marks and advance from grade to grade.

For the learning disabled student with average or above average ability, a basic floor of opportunity means reasonable accommodations in regular classes and sufficient supplemental instruction so that a student, with appropriate effort, can meet the goals and objectives stated in his or her IEP. When a student refuses special help because of the stigma associated with his or her school's resource room, the school should take certain reasonable steps to accommodate the student's aversion to the setting. Whatever steps are taken to deal with a persisting refusal to participate in special education should be planned in conformity with an individualized education program. Private school placement in such instances, however, is not the "*basic floor of opportunity*" envisioned by the Supreme Court nor the "*free appropriate public education*" envisioned by Congress.

Private school placements should be required only rarely and for compelling school-related reasons. When outside non-educational factors make residential schooling a necessity, the costs should be covered, at least in part, by outside sources.

The Department needs to continue to educate local leaders, school boards, and persons who write IEPs about the purposes and parameters of special education and the criteria for meeting the free appropriate public education requirement.

Section 504 (The Rehabilitation Act of 1973): Section 504 incorporates a broad definition of "handicapped" - *an impairment which substantially limits one or more life activities.* The qualifying population includes drug and alcohol abusers, persons with AIDS, injured students (broken leg, etc.), students who are homebound because of illnesses or accidents, and students with medical conditions that may not be regarded as handicaps under EHA (Attention Deficit Hyperactive Disorder, Anorexia Nervosa, and so on).

Section 504 has many similarities to EHA, particularly with respect to entitlements. In recent months, there have been several attempts to secure special education services for students under Section 504 who were denied services under EHA eligibility criteria. Costs far in excess of what is now spent on special education could be placed on schools if they do not conscientiously pursue the provisions of Section 504.

It is imperative that the State Board of Education issue expert guidance to school districts on how to comply with Section 504. The Department's legal unit should attempt to clarify the obligations imposed on state and local education agencies by the Act.

Furthermore, the State Board of Education should determine whether compliance with Section 504 will be a special or general education function. If special and general education are to be reconfigured, Section 504 responsibilities (complaint investigations, grievances, due process hearings, and so on) could be the testing grounds for determining how well regulations which focus on persons with special needs can be implemented by staff who traditionally have focused their attention on curriculum areas. Future cost containment demands that Section 504 activities be carefully monitored within the Department of Education.

Recommended Steps:

1. The Department of Education should continue to define for administrators, schools boards, and persons who write IEPs the types of services that meet the minimum requirements of a free appropriate public education.

2. A major effort should be made to assist schools in implementing effective procedures for achieving compliance with Section 504. A decision should be made at local and state levels as to regular education's involvement in Section 504 compliance issues.

3. The Department of Education, Mental Health, and Social & Rehabilitation Services should develop criteria for identifying and co-funding students who require residential placements for non-educational reasons.

Recommendation #3: *A major personnel preparation effort must be launched to equip all principals, teachers, specialists, and paraprofessionals to work effectively with students who have special needs.*

Between July and November, the Commission received scores of recommendations from groups and individuals representing a variety of special interests. The need for effective and intensive preservice and inservice training was repeatedly expressed and emerged as one of the Commission's top priorities. Districts that have made major strides in strengthening the capacity of regular education to deal effectively

with diverse learners, and districts that have achieved high levels of integration have all pursued quality inservice training over an extended period of time.

From the testimony given, the inservice training that gets the best results is not the traditional, half-day, district-wide inservice training sessions that most schools require. Rather, it is the ongoing, on-site training of small groups of interested teachers, often as teams: student planning teams and building-based support teams. Teachers will not buy into "quick-fix" training. Training that results in permanent changes in how teachers teach or how they manage the education of individual children must have a sound theoretical or research basis and must be pursued over a course of two or three years. There must be ample opportunities to practice instructional methods with a variety of learners in an environment that encourages change through supportive feedback, guidance, and problem solving. To ensure that the new methods of instruction or classroom management take permanent effect, training must include a system of ongoing support and feedback. Models which can provide this support include teacher coaching systems and student planning teams.

Training can be given through a variety of vehicles. Several schools have offered successful recertification workshops. Others have offered on-site courses after school, during the summer, or in released time. Certain districts have sponsored summer institutes or have conducted summer lab schools. Some districts have accomplished much of their training in the form of student planning teams. These are teams that engage in program planning and problem solving for particular students. Essentially, these teams represent a casework approach to training. This combined with on-site coursework makes an effective training package, particularly when pursued over a period of years with input from both outside experts and local personnel.

Dr. Reid Lyon, a nationally recognized special education expert, told the Commission that for teachers to be able to successfully instruct students with wide ranging abilities, they must (1) possess superior knowledge about the content to be taught (2) understand and be able to use a variety of effective teaching practices, and (3) be able to alter teaching methods and modify instructional content based on learner characteristics: aptitude, motivation, prior concepts, and learning style.

Several presenters said that the focus of any training effort should be to strengthen the capacity of regular education to accommodate students who have wide ranging abilities. Collaborative planning and problem solving skills should be stressed as well as strategies of effective instruction. The emphasis should be on meeting the unique instructional needs of all students.

Training for All Teachers: If all teachers utilized an effective decision-making model for adapting instructional content and methods to the learning characteristics of each student, the number of children needing to be classified as handicapped could be greatly reduced. Children, not the curriculum, would become the focus of instruction in every classroom.

14.

In the past two decades, teaching strategies and materials have been developed or refined for effectively conveying essential concepts to students with a wide range of special needs. We have learned that most special instruction can take place in regular classes. We have learned that teachers working as teams can meet the challenges presented by virtually all students, including students with severe disabilities.

All teachers need to have a basic knowledge of ways to effectively accommodate students with special needs. The Commission does not envision a prescribed curriculum for statewide implementation. However, concepts that should be covered over a period of time include:

Decision-making models for adapting content and methods to individual needs
Effective teaching strategies
Student Planning Teams/Building-Based Support Teams
Collaborative teaching and program planning
Utilization of support services
Learning styles of children
Diagnosis and management of classic learning problems
Child development - typical and atypical

One-Percent Proposal: If the Legislature were to target one percent of the state special education budget for training, there would be about $360,000 available for FY 1991. While this is a much larger sum of funding than has been available in the past, it translates into less than $6,000 per supervisory union or $60 per teacher. If funds for a major inservice effort are forthcoming, there must be a plan which ensures that the funds have maximum statewide impact. The Department should invite the major educational leadership groups to participate in the development of a comprehensive professional development plan. At least a portion of the funds should be awarded to districts through a competitive process.

The Commission envisions a program whereby districts would develop a three to five year training plan and would apply for funds (not to exceed a certain limit) to assist in implementing their plan. There would be a local matching requirement. Districts would be expected to achieve certain training outcomes but would have maximum flexibility in designing their inservice programs. Collaboration among supervisory unions would be encouraged. The Department would provide technical assistance to districts by identifying instate experts who are able to provide effective and useful inservice training and consultation. These experts also could assist districts in the development of their training plans.

Some of the best inservice training takes place through student planning teams as they work on specific problems in consultation with various types of specialists. Districts would be encouraged to plan both traditional and non-traditional approaches to inservice training.

Districts are at very different starting points. Some have arranged excellent inservice training programs for the past five years or more. These districts also would be eligible to apply for funds because they demonstrate what type of ongoing training is needed to sustain maximum integration, collaboration between special and regular education, and cost containment.

Training for Principals: Principals are the front line leaders of education. Without their backing, very little can be accomplished. It is essential that principals understand and support the instructional practices which enable teachers to work successfully with students who have wide ranging abilities. They should know the basic safeguards provided for children with disabilities and understand how to work effectively with parents, advocates, private evaluators, attorneys, and others who have vested interests in children with disabilities.

In addition to the training that principals participate in locally, there should be specialized training offered through the Vermont Headmasters Association, the Vermont Leadership Academy, and the Vermont Center for Educational Leadership Development.

Preservice Improvements: Several presenters stressed the need for fundamental changes in the training offered by colleges of education. A study by Dr. Reid Lyon and others (1989) of teachers' perceptions of their undergraduate and graduate preparation found that training programs in the opinions of most teachers "*did not provide effective, explicit, and contextualized instruction within the didactic setting or within practicum settings*" . Of the 440 teachers surveyed, 98% of the regular education and 94% of the special education teachers never or seldom were provided teaching experiences with diverse groups of students at the undergraduate level. When presented information about teaching methods, 99% of the regular educators and 95% of the special educators reported that their professors never modeled the instructional methods with children.

Several presenters said that certification standards should be revised in order to require colleges of education to substantially revamp their teacher preparation programs.

Recommended Steps:

1. Inservice training must be improved. Within five years, all teachers should receive training which enables them to accommodate students with special needs.

2. One percent of the total state allocation for special education should be earmarked for inservice training.

3. Principals and superintendents must receive special training so that they can assume strong leadership roles in the effort to restructure special and regular education.

4. Preservice training must be improved. Certification requirements should require all teachers to demonstrate competence in working with diverse learners. Teacher training institutions must take steps to ensure that all beginning teachers can teach students with wide ranging abilities in the regular education mainstream.

Recommendation #4: *Only those students who have a clear and compelling need for specially designed instruction and related educational services should be provided special education.*

High enrollments in special education ultimately dilute the quality of services and drive costs to unwarranted levels. In the past five years, enrollments have increased by 30% or about six percent per year. During the same period, general education enrollments increased by less than two percent per year. Across districts, there is great variability in the percentage of children served in special education. The range is from less than 3% to more than 28%. The statewide average is 11.6%. With the special education child count showing no hint of leveling off on its own, some steps must be taken to ensure that we are serving only those students whose handicaps are so severe that regular or compensatory education cannot meet their unique needs.

Child Count Variability: The number of students served in the school districts of West Fairlee, Wells River, and Stamford was about 120 each for the 1988 - 1989 school year. In West Fairlee, 33 students were classied as handicapped (28.4% of the student population). In nearby Wells River, 15 students were identified as handicapped (12.8% of the total enrollment). In Stamford, 9 students were classified as handicapped (7.5% of the student body). These districts do not differ markedly in socio-economic makeup. Nor can differences of this magnitude in the percent of children labelled as handicapped be attributable to incidence rates alone. These notable differences highlight a disparity among districts in referral practices and the availability of locally funded remedial and supplemental instruction services.

In 1989, the Department of Education contracted with Dr. H.W. "Bud" Meyers of the University of Vermont to conduct an analysis of child count and other demographic data in an effort to identify variables associated with high child counts. Selected variables were entered into a stepwise multiple regression equation to determine if significant predictors of high identification rates would surface. Districts which identified a high number of children as speech impaired tended to have higher overall child counts. This held true as well for specific learning disabilities. Also certain socio- economic variables over which schools have no control accounted for slight variance in rates of identification. Overall, however, there were no powerful predictors of high child counts.

Five years ago, South Burlington had one of the highest special education enrollments in Vermont. Today, their special education enrollment is among the lowest, 7.7 percent, not counting preschool children. This noteworthy reduction resulted from a concerted effort to lower their child count. It was accomplished by creating strong remedial programs which emphasized language development, reading, and math skills. Their child count statistics reflect the success of their supplemental instructional services.

Unless we build a strong network of compensatory and general education programs which focus on language development, reading skills, and math concepts, any significant drop in child count resulting from changes in eligibility standards, referral practices, and so on will be short-lived. Like crash diets, the numbers may come down (even dramatically), but they won't stay down until some fundamental changes are made in the way students with special needs are served.

Pre-Referral Systems: To achieve greater uniformity in the child count percentages across districts and to bring down the overall count of students served in special education, effective pre- referral systems (teacher assistance teams, building-based support teams) must be in place in all schools. Their purpose is to screen all referrals to special education and to collectively decide if a child's needs are sufficient to warrant an evaluation for special education services. They are expected to give thoughtful consideration to the capacity of regular education or compensatory education to meet a student's needs before special education is considered.

Statement of Need: Both federal regulations (300.5,a) and the Vermont rules stipulate that a handicapped child must "*be in need of special education*". These criteria are not being uniformly applied across the state. The checklist documenting a child's need for special education should be completed before any child receives a comprehensive evaluation for special education. The input of attorneys should be sought to ensure that no child's rights are violated. The Vermont Headmaster's Association, Vermont NEA, and other organizations should participate in developing a checklist which satisfactorily documents each child's need for special education services. The checklist would record the instructional accommodations that have been made, the remedial or supplemental services that have been given, and the types of specially designed instruction that appear to be needed. If a child does not pass the needs test, that child should be served through a vehicle other than special education.

Learning Impairment Standard: Vermont's standard for the learning impaired classification is more liberal than that of many other states. In essence, our standard embraces children who have IQs of 76 or less while most states have an upper cutoff of 70. Specifically, a child whose performance falls 1.5 standard deviations below the norm on a standard aptitude and achievement test qualifies. In most states, a child would be required to fall two standard deviations below the norm.

The federal regulations stipulate that sub-average intellectual functioning cannot be used as the sole criterion for defining mental retardation (learning impairment). There must be evidence of "*deficits in adaptive behavior manifested during the developmental period*". This language is not found in the Vermont rules. Hence, adaptive behavior is not routinely considered when identifying children as learning impaired. There are adaptive behavior rating scales, but the Department has been reluctant to require their use. Most teachers have a sense of how well children get along in day to day living and interpersonal relationships. One does not necessarily need a commercially developed test to identify those students whose intellectual functioning adversely affects their ability to cope with everyday affairs.

Speech Impairment: Under Vermont rules, a child must manifest an impairment which is "*so deviant from normal speech or language...that it is apparent in casual conversation or interferes with communication*". Under these criteria, more than 6,500 children qualify for speech and language pathology services; nearly 4,000 children have this as their primary handicapping condition.

In Vermont, children with speech impairments constitute 33% of the special education enrollment. In New York, this category represents only 11% of the enrollment in special education. State leaders should look at the New York eligibility criteria and service delivery models to see what enables them to serve fewer students under the special education banner. Perhaps Vermont's chronic shortage of SLPs is due in part to the state's non-specific eligibility criteria.

Certain speech and language interventions should be routinely applied before a child undergoes a formal evaluation and is brought into special education. These pre-placement interventions could be delivered by SLPs, trained aides, or classroom teachers. Such interventions should be identified by an ad hoc task force made up of SLPs, regular classroom teachers, principals, and other persons knowledgeable about the service capacity of schools.

Serious Emotional Disturbance: This is another subjective category. Determination of eligibility under this category is basically a judgment call made by a psychologist or psychiatrist. A task force should be formed to establish specific criteria (or adopt criteria from other states) by which to classify children in need of special education because of a serious emotional disturbance. Regular educators should be involved as should some psychologists who have gained respect for their practicality.

Specific Learning Disabilities (SLD): There is little agreement in the literature as to what constitutes a learning disability. Educational researchers at the University of Kansas Learning Disabilities Institute found no statistical differences between a large sample of children who were labelled SLD and a sample of low achieving children not served in special education.

The National Institute of Health has funded six major research projects to improve the identification of students with specific learning disabilities. Not until the findings are released should steps be taken to revise the Vermont standards.

Switching to an ADM Block Grant: Children should not be labelled as handicapped except for compelling educational reasons. Children should not have to be taken into special education because of ineffective general education programs or the failure of schools to accommodate a wide range of individual differences in learning styles and learning abilities. We should have tight eligibility standards so that admission to special education is based on the needs of children, not the needs of particular educational systems. Our current funding system in based on child count. The more children a district serves the greater their mainstream block grant reimbursement. Linking the mainstream block grant to total enrollment (ADM), rather than the special education child count, does away with any fiscal incentive to identify those borderline children whom one finds on the rolls in the 15% child count districts and not on the rolls in the 10% districts.

Bringing the Numbers down: To bring the numbers down substantially, we need intensive inservice training, appropriate class sizes, sufficient support personnel, and supplemental instructional resources in every school. We need increased family support services through Mental Health. We need active school-home coordination capabilities. With these, we can significantly reduce the need for special education as we know it today.

Recommended Steps:

1. All schools should be required to establish pre-referral systems to screen referrals for special education. Pre-referral teams must be trained in classroom accommodations and remedial interventions that can be made prior to evaluating a child for special education.

2. The Department should publish a list of classroom accommodations and interventions that should be considered or implemented before a child is referred for special education.

3. The Department should seek the assistance of the Vermont headmasters, Vermont-NEA, and special education groups in developing uniform procedures for documenting a child's need for special education. A checklist of items which document a child's need for special education should be developed and disseminated.

4. Eligibility standards for the speech and language impairment category should be tightened. In proposing new standards, the Department should seek the input of the Vermont Speech and Hearing Association and other interested groups and individuals.

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5. Eligibility standards for the learning impairment category should be changed to include documentation of a significant delay in adaptive behavior.

6. All districts with child counts which exceed the statewide average should be required to submit written justification for their counts and, when a strong justification cannot be given, be required to submit a plan for reducing their child counts. The Department of Education will provide technical assistance for a one year period and determine if economic sanctions should be applied thereafter.

7. All school districts should receive training in the application of special education rule 2362, the mandatory use of compensatory and local remedial programs prior to special education.

Recommendation #5: *Vermont must continue its commitment to early intervention. A strong start ensures maximum life-long integration and may dramatically reduce the need for intensive and restrictive services.*

On July 1, 1991, school districts must serve all children, three through five, who qualify under the state's essential early education (EEE) eligibility criteria.

Five supervisory unions have no access to EEE services, and seventeen supervisory unions have only limited access. The latter districts lack local services but have the option of transporting children with severe disabilities to a regional center-based program such as the Winston Prouty Center, Vermont Achievement Center, Vermont College, or the St. Johnsbury EEE program. For some of these districts, however, access to regional services requires excessive transportation. For example, children in Ludlow must be transported to Brattleboro for services (a distance of 100 miles round trip). Most of the five unserved and 17 underserved superintendencies will have to establish local programs.

The mandate to serve all children with disabilities by FY 1992 presents the education community with an excellent opportunity to carry out the Commission's recommendation to "*seize every opportunity to coordinate special, compensatory, and regular education*". As services are established or expanded, particular effort should be made to combine EEE, the early education initiative, early compensatory education, and child care services.

Communities which are interested in combining (or better coordinating) early education services can receive technical assistance through the Early Education Team in the Division of Special and Compensatory Education.

There are three traditional service delivery models for serving preschoolers with disabilities.

Center Based: Most communities which have well established services have a center-based component, a classroom where young children with disabilities receive instruction aimed at enhancing social and cognitive development. An emphasis is also placed on preparing the child for success in kindergarten.

Home-based: Some communities provide only home-based services. An Essential Early Educator and Speech-Language Pathologist work with children and parents in their homes for an hour or two per week. This model provides an opportunity for parents to be partners in their child's educational plan.

Outreach: Some communities provide outreach services. An Essential Early Education specialist works with children in private preschools, Head Start programs, day care centers, and other sites where young children are served. Where an IEP calls for placement in a private preschool, the school district must ensure that the placement is at no cost to the parents. Funding for such placements can be provided through a variety of sources.

Projected Costs: Established EEE programs cost between $60,000 and $100,000. Costs vary according to the number of children served, the services provided, and the tenure of the staff. Per pupil costs range from $2,100 to $5,000. Center-based programs which offer a variety of therapies have the highest per child costs. The statewide average per child cost is about $2,800 for FY 1990. To establish a basic EEE program, the following estimated costs will be incurred:

Essential Early Education Specialist	$27,000
Speech & Language Pathologist (.5)	13,000
Benefits	10,000
Travel	13,000
Equipment & Supplies	3,000
Evaluations	2,000
Classroom/office	2,000
	$60,000

Some of the 22 superintendencies which must establish services to meet the FY 1992 mandate may be able to contract for services at less than $60,000. Assuming that five districts can do so for $30,000, the cost of putting EEE in place (in estimated terms only) by July 1, 1991 would be:

Five programs at $30,000	$150,000
Seventeen programs at $60,000	1,020,000
	$1,170,000

Programs in Need of Expansion: There are no clearly established guidelines on what prevalence rates are most appropriate for estimating the population of 3 to 5 year old children with disabilities. The Census Bureau reports that over 7% of the children born each year have congenital abnormalities. Healy (1983) notes that the prevalence rates of children with biological and psychological disabling conditions range from 8.5% to 12%. Various state studies have been conducted to estimate the number of 3 to 5 year olds in need of special education: Colorado: 11%; Florida: 6%; Texas: 12%; Massachusetts: 10.6%; Iowa: 5%; and Illinois: 8-12%.

For planning purposes, we can expect the percent of children (ages 3 to 5) who qualify for special education to range conservatively between six to ten percent. Given the fact that over one-third of the state's 60 supervisory unions have no services or have limited services, we can expect the number of children in need of special education to increase by one-third or more when all towns begin providing services under the FY 1992 mandate.

A district by district analysis (see Figure 1) shows that several supervisory unions serve a very small percentage of children. Orleans-Essex North, for example, serves 24 children across 12 districts. Applying a six to ten percent incidence rate, this supervisory union which includes 12 school districts could expect to serve between 50 to 80 children. After the entitlement provision goes into effect in FY 1992, this supervisory union and several others may need to expand their current level of services as shown in Figure 1.

Figure 1 gives the estimated number of 3 to 5 year-olds per supervisory union based on average enrollments in Grades 1 to 3. (The projected total agrees with the overall birth statistics for the state.) The figure shows the current EEE enrollments and percent of children served. Several supervisory unions show enrollments which fall well below the six percent level. Many of these communities may have to make plans for expanding current services.

Funding for EEE after 1992: Currently, about three million in state general fund dollars are expended annually for EEE services. (The total expenditure is over $3.5 million, but about $600,000 is recouped through the billback provision.)

If EEE were placed under the special education formula in FY 1992, most costs would fall under the Intensive Services Reimbursement component. Reimbursement rates range from 7% to 47%. The state's average reimbursement for the intensive services component is about 33%. Thus, if EEE services came under the formula, the state - without increasing its current $3,000,000 in EEE funding - could fund services in all supervisory unions.

FIGURE 1

PERCENT SERVED IN ESSENTIAL EARLY EDUCATION

Supervisory Union	Estimated Number 3 -5 Year Olds	1988 Child Count	Percent Served
ADDISON NORTHEAST	441	42	10%
ADDISON NORTHWEST	288	22	8%
ADDISON CENTRAL	531	33	6%
ADDISON RUTLAND	450	37	8%
SOUTHWEST VERMONT	690	41	6%
BENNINGTON-RUTLAND	369	24	7%
COLCHESTER	549	17	3%
CALEDONIA NORTH	459	13	3%
CALDEONIA CENTRAL	114	3	3%
MILTON	492	25	5%
ST. JOHNSBURY	360	11	3%
CHITTENDEN EAST	675	38	6%
CHITTENDEN CENTRAL	390	10	3%
CHITTENDEN SOUTH	810	60	7%
BURLINGTON	918	38	4%
SOUTH BURLINGTON	423	25	6%
WINOOSKI	216	23	11%
ESSEX CALEDONIA	156	7	4%
ESSEX NORTH	207	3	1%
FRANKLIN NORTHEAST	414	18	4%
FRANKLIN NORTHWEST	624	24	4%
FRANKLIN WEST	354	20	6%
FRANKLIN CENTRAL	594	25	4%
GRAND ISLE	273	19	6%
LAMOILLE NORTH	492	19	4%
LAMOILLE SOUTH	375	20	5%
ORANGE EAST	519	36	7%
ORANGE SOUTHWEST	312	23	7%
ORANGE NORTH	231	10	4%
ORANGE-WINDSOR	339	11	3%
ORLEANS-ESSEX NORTH	831	24	3%
WASHINGTON CENTRAL	408	12	3%
RUTLAND SOUTH	273	4	1%
ORLEANS CENTRAL	294	15	5%
ORLEANS SOUTHWEST	330	6	2%
RUTLAND NORTHEAST	555	66	12%
RUTLAND CENTRAL	288	32	11%
RUTLAND SOUTHWEST	240	3	1%
RUTLAND-WINDSOR	183	3	2%
RUTLAND CITY	504	59	12%

PERCENT SERVED IN ESSENTIAL EARLY EDUCATION

Supervisory Union	Estimated Number 3 -5 Year Olds	1988 Child Count	Percent Served
WASHINGTON NORTHEAST	195	9	3%
WASHINGTON WEST	432	0	0%
WASHINGTON SOUTH	255	3	1%
BARRE CITY	345	37	11%
MONTPELIER	282	18	6%
WINDHAM CENTRAL	327	15	5%
WINDHAM NORTHEAST	486	13	3%
WINDHAM SOUTHEAST	774	30	4%
WINDHAM SOUTHWEST	249	5	2%
WINDSOR NORTHWEST	222	11	5%
WINDSOR CENTRAL	324	18	6%
WINDSOR SOUTHEAST	288	31	11%
WINDSOR SOUTHWEST	339	6	2%
HARTFORD	447	30	8%
NORWICH	117	2	1%
SPRINGFIELD	447	33	7%
BLUE MOUNTAIN UNION	117	2	2%
BARRE TOWN	345	14	4%
ESSEX TOWN	399	15	4%
ARLINGTON	126	6	5%
TOTAL	23487	1219	5%

LIMITED ACCESS TO REGIONAL PROGRAMS
NO STATE SUPPORT FOR EEE SERVICES

In changing over to the intensive services reimbursement model, certain towns (like Burlington which receives more than $200,000 under the current funding model) would receive only seven to ten percent funding ($20,000 versus $200,000). The substantial losses that some towns would experience prompted the House Education Committee to request further time to debate the merits of placing EEE under the new funding formula.

The Commission did not endorse a particular recommendation as to how EEE services should be funded beginning in FY 1992. The Commission members did agree, however, that the EEE funding issue must be addressed in the 1990 legislative session.

Creative Funding Strategies: The Commission received compelling testimony in support of two or more pilot programs which make creative use of multiple funding streams. The persons calling for a more creative approach to early education funding have formed themselves into an ad hoc task force. The group is composed of persons who represent the SRS Child Care Division, Education, Head Start, and the Children's Forum. The group submitted some very insightful recommendations which will be presented to key legislative committees.

The Birth to Three Initiative, Part H:

Early intervention refers to services which meet the needs of children under age three who are delayed or are at-risk of being delayed with respect to physical, cognitive, language, psychological, and self-help skill development. Effective early intervention requires the identification of infants and toddlers at-risk for disabilities as early in life as possible and the linkage of these children and their families to appropriate, family-centered services.

The Education of the Handicapped Act Amendments of 1986, known as PL 99-457, Part H, establishes a national policy for young, disabled, and at-risk children and their families. Representing the most far reaching national agenda implemented for young children, PL 99-457, affirms the will of Congress:

..... to provide financial assistance to states to: develop and implement a statewide, comprehensive, coordinated, multidisciplinary, interagency program of early intervention services for all handicapped infants and their families; facilitate coordination of payments for early intervention services from various public and private sources; and enhance its capacity to provide quality early intervention services and improve existing services... (PL 99-457).

The law provides a discretionary grant program to states, known as Part H, to provide services for children from birth to age three. Vermont affirmed its intent to participate in this discretionary program on February 13, 1987, when Governor Kunin designated the Department of Education as lead agency for the administration of the grant in Vermont.

The discretionary grant is established on a five year timetable in which states must incorporate fourteen required components of a statewide comprehensive early intervention system. These include a child find system, tracking and data management system, procedural safeguards, case management services, individualized family service plans, and a comprehensive system of personnel development. By the beginning of the fifth grant year, October 1991, the comprehensive, statewide system must be fully implemented.

Interagency Coordinating Council: PL 99-457 requires the Governor to appoint a fifteen member interagency coordinating council to assist the lead agency in the development of the early intervention system. The mission of the Vermont Interagency Coordinating Council is "*to develop a statewide plan for interagency collaboration that will provide an integrated and interdisciplinary system of community-based services built around families and their infants and toddlers with special needs*".

Early Intervention Planning Teams: The Vermont Interagency Coordinating Council (VICC), the Department of Education, and the Vermont Developmental Disabilities Council have collaborated in establishing twelve regional early intervention planning teams. The primary purpose of these teams is to ensure coordinated planning efforts at the local level as programs and policies evolve for the statewide comprehensive system of early intervention services mandated by PL 99-457, Part H. The long-range intent of these teams is to establish a continuum of services for children and their families at the local level. Each regional team is comprised of parents, early childhood educators, child care providers, health providers, advocates, legislators, and community leaders.

Vermont's Participation in Part H: Virtually everyone agrees that services for infants and toddlers should be planned and delivered with maximum coordination among service providers. Families should be able to access information about services through a single source. There should be a written plan which states the needs of a family and the services to be provided. Part H of PL 99-457 requires all of these steps and more.

The U.S. Department of Education has said that participants in Part H must offer services on an *entitlement basis*. The ramifications of this interpretation of law are far reaching. It means that the lead agency for Part H, the Education Department, would be legally liable for any service that a local planning team considers necessary to a family's well being, including medical services, respite care, mental health services, and more.

States should not be forced to drop out of the Part H discretionary grant program because of a burdensome entitlement provision.

Even within the most resource rich areas of the state, service providers are not in a position to guarantee every qualifying family that all services needed by the family will be provided. Key legislative committees should discuss Vermont's long-term participation in Part H, and a joint resolution should be sent to congress with a request to limit the entitlement provision of Part H to the coordination of services.

Recommended Steps:

1. The legislature should enact a funding formula in 1990 that will enable districts to meet the FY 1992 mandate to serve all three to five year old children with disabilities in the least restrictive environment. A formula which integrates EEE and the early education initiative should be considered. Input should be sought from the ad hoc task force which consists of representatives from Compensatory Education, Essential Early Education, the Early Education Initiative, Head Start, the SRS Child Care Division, Mental Health, and the Children's Forum.

The proposed formula should distribute in FY 1992 not less than what will be spent on EEE services in FY 1991 (adjusted for inflation and minus billback).

2. A multiagency funding panel should be established to explore the possibilities of pooling existing resources (EEE, Chapter 1, early education initiative, Part H infants and toddlers, and selected child care early education services) to support the provision of services to preschool children in settings that permit maximum integration of all children.

3. The appropriate legislative committees should discuss Vermont's participation in Part H of the Handicapped Act, the handicapped infants and toddlers discretionary program. A resolution should be forwarded to Vermont's congressional delegation to limit any entitlement under this program to service coordination among participating agencies.

Recommendation #6: *State and local leaders must first identify and later require service delivery models which achieve maximum cost- effectiveness while appropriately meeting the needs of students with disabilities.*

Because disabilities vary in intensity, a continuum of services is needed to meet the needs of eligible children. Since 1978, federal regulations have mandated a continuum of services. Traditionally, the special education continuum of services has been represented by the following service delivery models:

- Consultation services for students who are mainstreamed full time
- In-class tutorial/supplemental instruction
- Resource room instruction
- Part-time special class instruction (Students spend more than 50% of the day in a regular class)
- Full-time special class instruction (Students spend more than 50% of the day in a special class)
- Special day school - a separate facility, usually serving students with disabilities only
- Residential schools
- Hospital/Homebound services

On a statewide basis, the full continuum of services is available. However, not all districts have ready access to each service model. Many experts would argue that the more restrictive service delivery models (special classes, special day schools, and residential schools) should be used only in extreme cases for short-term placements. Parents and advocates representing students with specific learning disabilities, on the other hand, told the Commission that Vermont needs a network of special class programs to serve SLD students. The SLD advocates further said that the number of SLD students placed unilaterally by their parents in private residential schools will continue to rise (Vermont and Massachusetts lead the nation in the percentage of SLD students served in residential facilities) if special classes for SLD students are not created.

The Commission received insightful information from representatives of several supervisory unions. No particular service delivery model emerged as one that should be mandated for all schools. Some districts use consulting teacher services very effectively and are able to serve virtually all students in regular classes. Other districts said that they have made effective use of resource rooms and part-time special classes. The active participation of regular education in serving students with disabilities surfaced as the key variable in each of the districts which had attained a respectable measure of cost effectiveness.

The Winooski Model: In Winooski, all educators are special educators. Consulting teachers (traditional special educators) have the same job description as regular educators. Consulting teachers serve primarily as support personnel to regular class teachers. They engage in team teaching, provide in-class tutorial instruction, develop supplemental materials for regular class teachers to use, monitor students to ensure that they acquire essential concepts, assist regular class teachers in selecting relevant instructional content. Team work is stressed in the Winooski school system as well as a positive and receptive school climate.

A high percentage of students from Winooski qualify for special education. There are large pockets of poverty. There is a 40% turnover in the student population each year. Winooski could send a large number of students to special classes (and did in years past). They have chosen, instead, to become national leaders in demonstrating that all students can be educated in their home community and thus prepared for maximum integration in that community upon completion of their education.

The South Burlington Model: A key element in the South Burlington model is the use of building-based teams. These teams, comprised of both regular and special education teachers, design and direct special and supplemental services at the building level. Students are provided an array of supplemental services before they are referred to special education. Release time is given for teachers so that they can plan services and instructional strategies for students who are experiencing difficulties in school. As a result of their efforts, only students with intensive instructional needs must be classified as disabled. This cuts down dramatically on paperwork and special education procedures. It allows special educators to devote maximum time to direct instruction for the most-in-need students. It also gives special educators more time for in-class observations, consultation with teachers, team teaching, and participation in the building based support teams.

Other Models: The Commission also heard testimony from educators in the Windham Southwest Supervisory Union, Hartford School District, Addison Northeast School District, and Orange North Supervisory Union. These excellent presentations reaffirmed the essential elements of successful, cost-effective service delivery systems:

- Thoughtful planning that involves all segments of the education community: board members, administrators, parents, teachers, students, and interested citizens.

- A positive school and community climate, one that values all children and accepts individual differences as a wholesome and realistic reflection of society and not an excuse for exclusion or segregation.

- Maximum respect, trust, and cooperation (i.e. teamwork) among regular educators, special educators, and support personnel.

- Problem-solving mechanisms (building-based support teams, student planning teams) with built-in time for planning and with access to specialists for the most difficult cases.

- On-going inservice training, beginning with a nucleus of interested individuals and expanding to include all teachers, teacher assistants, administrators, and support staff.

New and Emerging Programs: Sweeping changes have been taking place in many parts of the state in the delivery of special services. Since the demise of the Commissioner-Designated funding model, several school districts have been returning students from regional special class programs to their local schools. Caledonia North (Lyndonville area) has returned more than 20 students from the St. Johnsbury regional program. Windham Southwest (Wilmington area) no longer buses multihandicapped students to Brattleboro. Barre and Montpelier have reintegrated significant numbers of students formerly in regional special classes. Rutland is planning to close three or four special classes in 1990. In all regions of the state, schools are placing students in less restrictive settings. This has led to an increased demand for integration specialists, behavioral specialists, and employment specialists as well as an increased demand for consulting teachers and learning specialists. (See table 1.)

Many of the remaining special class programs are being converted to intensive resource rooms. In such cases, students are assigned to regular home rooms, but continue to receive part or all of their academic instruction and case management services through the intensive resource room (former special class).

As more districts make the transition to service delivery models which feature maximum integration, the resulting low enrollments in special classes will result in some very high per pupil costs. We already have classes for multihandicapped students which have per pupil costs in excess of $35,000. Administrators who operate these programs and sending districts which utilize such programs must explore alternative models of service delivery which achieve greater cost-effectiveness. When the case loads of special class teachers fall much below the PSA standards, then practical ways should be sought to effectively use the time and skills of such teachers to benefit a maximum number of students.

The UVM I-Team and various special education administrators are available to assist schools in achieving maximum integration and cost-effectiveness in serving low incidence children with intensive instructional needs.

Categorical Programs:

The Commission heard considerable testimony about the need for improved and expanded services for students who are seriously emotionally disturbed.

Services for Youths with Emotional Disorders: Services for students with serious emotional and behavioral disorders are lacking in both number and variety in virtually all regions of the state. Mental health services are also lacking as are adequate residential programs, regional educational programs, and local district services.

There has been a 75% increase in the number of youths identified as seriously emotionally disturbed in the past five years. Even so, mental health specialists say that the 700 students receiving special education services do not adequately represent the more than 4,000 students who require mental health services on an annual basis.

The Director of Social Services in SRS presented the Commission with data that shows a marked reduction in residential placements and SRS case loads when appropriate mental health services are in place. Because of dynamic leadership in children's Mental Health services in Addison county over a period of years, there now are sufficient resources in place to provide a large percentage of children in crisis the personal and family counseling needed to maintain these youths in their homes and communities. A high level of interagency planning takes place in much of Addison County. A number of the local school systems operate special classes or intensive resource rooms for students with emotional disorders. In addition, the area is served by a special day school (TAP program) for students in residential group homes or in need of instruction and related services in an alternative school setting. Services for youths with serious emotional and behavioral problems are not totally in place, but the county has a greater variety of educational and mental health services than most regions of the state and has conclusively demonstrated that fewer students have to be removed from their homes and placed in high-cost residential facilities when such services are in place.

Wrap-around: A federal grant enabled the UVM psychology department and Center for Developmental Disabilities to establish an effective wrap-around program to serve youths with serious emotional disorders in the Franklin Northwest Supervisory Union. The wrap-around project provided doctoral-level psychologists to work with teachers, parents, and community agencies in maintaining students in their home schools. Interns provided intensive, in-home family support services for extended periods of time. These same interns worked very closely with the schools so that consistent behavioral strategies could be carried out in both the home and school. Student planning teams consisting of regular educators, special educators, parents, mental health specialists, psychologists, and family caseworkers were formed to determine what services needed to be "*wrapped around*" each student and his or her family. The individual planning teams met on a regular basis or as needed

in times of family or school crises. As with the Addison County services, the number of students requiring residential placements or special day school services was minimal - one student from a case load of more than 30 students who had been labeled seriously emotionally disturbed.

The wrap-around program was funded through a one-time, competitive grant. It proved to be an effective (and cost-effective) service delivery model for the most difficult to manage students in a large supervisory union (2,400 students).

System of Care Plan: Because of a chronic lack of coordination and cooperation among state agencies which serve children and youth who are seriously emotionally disturbed, legislation was enacted in 1988 which requires certain state and local problem-solving teams to be maintained. This legislation also requires the development and annual updating of a comprehensive system of care plan by the Departments of Mental Health, Education, and Social and Rehabilitation Services.

The System of Care Plan which is submitted annually to the Legislature calls for a continuum of child and family support services statewide. The principal services which make up the system of care plan include:

Intensive family-based services
Respite care
Case management
Child and family specialized counseling
Crisis stabilization services
Therapeutic foster care
Residential short-term care
Group residential care
Intensive residential treatment
Hospitalization
Regional specialized education programs
Special service in local schools
Parent support networks

Components of the system can be found in certain regions of the state. However, an adequate array of these services is far from being achieved.

Vermont presently sends more than 50 youths who are emotionally disturbed to out-of-state placements. Most of these students could be served by long-term treatment facilities. Some of them could be served by therapeutic foster care or group residential programs. There is an urgent need for bridge money that would allow vendors to establish the necessary in-state facilities and services. If appropriate programs were on line, then SRS and Education would utilize the programs before sending students out of state.

Services for Students with Specific Learning Disabilities: It is crucial that students with severe information processing problems are identified early. They simply cannot learn to read if instruction is limited to the whole language approach to reading used in many Vermont schools. These students often require a highly-structured, language-based, multi-sensory system of instruction. At least a half-hour daily of quality instruction in fundamental reading skills is required for these students to attain functional reading skills by the fourth or fifth grade. Unless these students acquire appropriate reading and language skills, they will fall increasingly behind their peers in concept acquisition, and a significant percentage of these students will develop behavior problems or drop out.

Representatives of the Orange North Supervisory Union described a self-contained, language intensive program which they have established for students with specific learning disabilities and speech and language impairments. The program is managed by a speech and language pathologist in conjunction with a learning specialist. The per pupil cost for the 16 participants in the program is less than the average per pupil cost of the secondary school in which it is located. According to local administrators, the program has prevented multiple residential placements. Most importantly, students who had experienced high rates of failure in traditional classes are now experiencing consistent success and are developing the self-esteem that enables them to participate successfully in conventional courses.

Dr. Blanche Podhajski, a private evaluator and Director of the Stern Center for Language, summarized the sentiments of many parents, evaluators, and advocates in the specific learning disabilities movement:

"A major problem is that the State of Vermont does not offer a continuum of educational services for learning disabled students. Greater intensity of direct instruction aside from the "pull-out" model is needed. For example, were self-contained classrooms available at least on a district level for such learners, the need for residential placements would be reduced. At the present time, residential programs are the only option for parents whose children have failed within the mainstreamed setting. Furthermore, because Vermont is unable to offer a more intensive, self-contained program for learning disabled students, the results of residential programs become glamorized because the amount of progress demonstrated can be so favorable in contrast to what Resource Room teachers and speech/language pathologists are able to provide intermittently without integration across content areas."

Recommended Steps:

1. The Department of Education should continue to identify and publicize school systems that (a) have made significant progress in merging special and regular education programs (b) have served a high percentage of students with disabilities in regular programs, and (c) have succeeded in achieving a high level of cost-effectiveness.

2. Speech and language services for minor speech and language impediments should be provided to the maximum extent possible within the framework of regular education. Classroom teachers, supervised paraprofessionals, and speech/language pathologists should be trained to provide speech and language services within the regular education curriculum.

3. The capacity of SRS and Mental Health to provide services to SED children and youth in conjunction with local schools should be expanded. This expansion should be in keeping with the System of Care Plan developed collaboratively by SRS, Mental Health, and Education.

4. The Departments of SRS and Education should identify the services needed to return SED youths from out-of-state residential programs. Pilot projects should be funded to return students who can be appropriately served in their natural homes or in therapeutic foster care with wrap-around community and educational support services.

5. A short-term crisis stabilization and evaluation program should be established with the capacity to evaluate students in both clinical and natural settings.

6. The need for additional intensive residential treatment facilities should be cooperatively studied by SRS, Mental Health, and Education. Assurances should be given by SRS and Education that services would be purchased from such a facility if costs are reasonable.

Recommendation #7: *State leaders must keep the public well informed about special education costs. Program standards and rate setting regulations are needed for private schools. Wide publicity should be given to districts and private schools which achieve the greatest cost-effectiveness in providing appropriate services.*

One cannot study special education cost data without taking note of the extreme variability among districts. Child counts vary across districts from less than three percent of the total enrollment to more than 28% (with preschoolers excluded). Per pupil costs vary across supervisory unions from less than $3,000 to more than $8,600. The FY 1991 Special Education Service Plans revealed the same pattern of variability, ranging from one supervisory union's 32% decrease to another's 62% increase. The block grant reimbursements for FY 1991 will range from a 13% decrease for one supervisory union to a 42% increase for another.

33.

Personnel in the Department have been working in conjunction with statisticians at UVM to identify variables associated with above- average special education costs. As of this period in time, however, very few conclusions can be reached, because we will not have actual expenditures by town until August 15, 1990. Using the FY 1990 projected costs for special education (Service Plan data), a search was made for similarities and differences between groups of supervisory unions which represent the lowest and highest spenders for special education services. Statistically significant differences were associated with the following variables:

1. The percent of extraordinary and intensive services costs to the total budget.

2. The percentage of students served in Commissioner- Designated programs.

3. Property index and melded wealth index.

In this preliminary analysis, the statistical model for identifying predictor variables using the data collected by the Department has been fine tuned so that as additional and more reliable data become available the search for such variables can be continued in earnest. Even at this early stage of analysis, leaders should make note of the fact that districts which make the greatest number of restrictive placements tend to have the highest per pupil costs for special education.

In October, the Department prepared a special education profile for each town based on FY 1990 Service Plan data and 1988 child count information. The profiles reported each town's cost and enrollment data together with statewide averages. As additional expenditure data become available, the Department will continue to send profile information to local school boards and will encourage board members to ask probing questions about their costs and those of other districts which have similar enrollments and demographic characteristics. Even though certain factors which influence local costs cannot be readily manipulated, local leaders nevertheless should understand the factors that have a bearing on overall special education costs so that steps can be taken to achieve maximum cost- effectiveness.

In judging cost-effectiveness, there are certain variables that should be monitored. These include (1) the special education per pupil cost, (2) the special education cost divided by ADM, and (3) individual program costs (service unit costs).

A district's per pupil cost will be influenced to a marked degree by enrollment levels. Districts with high child counts will have proportionately lower per pupil costs for special education. For this reason, the special education per pupil cost should not be used in isolation. It is important to examine the ADM special education per pupil cost as well - the cost of special education services divided by the total district enrollment. South Burlington, for example, has a high per pupil cost because their special education enrollment is low (less than 8% of the student body). Their

ADM special education per pupil cost, however, is considerably below the statewide average. This latter figure is the better indicator of true cost effectiveness for a district. It is this cost variable that school boards should monitor closely together with service unit costs.

The unit costs for basic programs are relatively stable. The differences one notes from district to district are mainly associated with salary levels - teacher tenure, base salary, degree steps, and so on. The number of aides used to staff programs and enrollment levels also have a notable effect on unit costs.

Pull-out models (services provided outside the regular education classroom) tend to cost more. There are respected scholars who contend that the current research fails to support the widespread use of pull-out programs, particularly for mildly handicapped students. Although pull-out models can be efficient learning environments, the students often do not generalize what they learn there with what takes place in their regular class. Pull-out programs may be more convenient (and may sometimes be necessary), but they should not be used unless it has been demonstrated that effective assistance cannot be given in the regular education setting.

Given this, local leaders should give particular attention to the use of pull-out models. There are districts in Vermont that serve virtually all students in regular classes. This demands a very high level of cooperation between special education and regular educators. It means that regular educators must be actively involved in special education and that student planning teams are in place. At a minimum, local leaders should be well acquainted with the literature on pull-out models, and teams of teachers should visit schools where special education services are provided in integrated classes.

Because the gathering of reliable and comprehensive special education cost data is still in its infancy, it would not be prudent for the Department of Education to make bold pronouncements in support of particular service delivery models at this stage. However, it is imperative that the Department continue to closely monitor both the programmatic effectiveness as well as the cost- effectiveness of the various service delivery models in use in Vermont. The Department needs to keep the public well informed about costs and the cost-effectiveness achieved by districts. The Vermont Association of Special Education Administrators, the Vermont Superintendents Association and the Vermont School Boards Association should also disseminate information about progressive, cost- effective service delivery models. Model districts should be featured at conferences and in publications. Local leaders should closely monitor all expenditures and be able to demonstrate that regular education, Chapter 1, and local remedial services are being used to a maximum degree in an effort to achieve cost-effective programming.

Private Schools:

Private schools play an important role in special education. In fact, special education in Vermont originated in private schools: the Austine School for the Deaf in 1917, the Vermont Association for Crippled Children (now Vermont Achievement Center) in 1937, and the New School in the early 1950s. Over the years, private schools have raised large sums of money (most recently about $600,000 per year) to subsidize services not adequately funded by state agencies. Private schools pioneered many of the special education programs not found in public schools. Today major private schools are adjusting their services to meet the most pressing needs identified by public school administrators.

There are three private schools which in past years have been supported through direct grants: the Austine School for the Deaf and Hearing Impaired, the Baird Center for Children and Families, and the Vermont Achievement Center. Baird and VAC also receive major funding from the Departments of Health and Mental Health, mainly in medicaid reimbursements.
In addition to the three state-supported private schools, there are several smaller private schools which operate in Vermont. These include:

Name	*Location*	*Population*
Bennington School	Bennington	Emotionally Disturbed
Pine Ridge	Williston	Learning Disabled
Green Mountain	Wilmington	MentallyRetarded
Greenwood	Putney	Learning Disabled
Green Meadows	Brattleboro	Emotionally Disturbed
Laraway School	Johnson	Emotionally Disturbed
Eckert Foundation	Benson	Emotionally Disturbed

Lack of Standards: Very few standards have been imposed on private schools in Vermont. Consequently, several of them do not employ staff who are certified in special education (or certified in general education). In 1988, a federal district court judge and a number of hearing officers ordered local school districts to reimburse parents who had placed their children in certain private schools. Although the public school administrators complied with these orders, the Assistant Secretary of the Office of Special Education and Rehabilitative Services stated in a letter to a local school official that private schools must meet the same approval standards as public schools when they are the recipients of public funds. According to the Assistant Secretary, the judge and hearing officers were in violation of federal regulations when they ordered the public schools to pay for services offered by non-certified instructors.

In 1989, the Vermont Legislature responded to the lack of private school standards by requiring the Department of Education to develop approval standards for all private schools which serve students with disabilities.

A Department team has been given the task of developing the private school standards. The group is presently waiting for clarification from the U. S. Department of Education as to what federal standards apply. One federal official has said that private schools must meet the same standards that apply to public schools, including Vermont's public school approval standards. Other federal officials have indicated that private schools need only to comply with the standards established specifically for them by the Vermont State Board of Education. The Department team has been meeting regularly with representatives of the Vermont Independent Schools Association to ensure that private school administrators have sufficient opportunities to respond to the proposed standards.

As for certification requirements, it appears that most private schools may have more difficulty meeting certification requirements for school administrators than for teachers. The Bennington School will face the stiffest challenge because teachers who are qualified to work with students who are seriously emotionally disturbed can work fewer days and earn considerably higher wages in nearby New York State. Educational costs at the Bennington School will have to be sharply increased if the school is forced to hire certified personnel. The Department expects that private school standards will be prepared by April or May, 1990. The standards will be widely disseminated for public comment before they are adopted by the State Board of Education. The private schools will have input throughout the rule making process.

Out-of-State Placements: More than 50 students with disabilities are placed in out-of-state facilities. The majority of these placements are made by the Department of Social and Rehabilitation Services or by parents. Public schools make the balance of the placements. The only mechanism in effect for monitoring the quality of these placements consists of reciprocal agreements which the Department of Education maintains with the certifying agencies of other states. *In essence, the private school industry is a multi-million dollar enterprise with no state oversight and with very little on-site monitoring capacity (none for out-of-state schools).*

Several members of the Special Commission on Special Education have recommended that the Department contract with an appropriately qualified expert to conduct an in-depth review of the educational services offered by private schools to ensure that children are receiving appropriate services for the $5 million that is being spent annually on private school tuitions. A second purpose of the in-depth, on-site reviews of private schools is to fully analyze the instructional approaches these schools use so that public schools can replicate their instructional techniques. Evidence is needed by public school officials which can be used in hearings and court cases to substantiate the claim that public schools can replicate the educational

methods used in private schools. Private schools often point to the substantial gains that students make on selected tests. We need to know what is behind such gains: Is it small class sizes, controlled study periods, or teaching to the test? At least a half-time consultant is needed to monitor private school placements, to review the quality of services provided, and to assist public schools in replicating the successful instructional practices used in private schools.

Funding Issues: The Austine School and Vermont Achievement Center receive most of their funding through tuitions paid by public schools. The Baird Center receives a state grant of about $250,000, because the Baird School serves mostly state-placed students. All of their residential students are placed by community mental health agencies or by Social and Rehabilitation Services (SRS).

The three schools differ considerably in tuition rates and in the methods they follow in setting their annual rates.

Until FY 1990, funding levels for the three schools were determined by the Department of Education. Under the new funding formula, however, the schools are free to establish tuition rates on their own. There are no guidelines that private schools follow in establishing their tuition rates. One of the schools joined its region's special education collaborative and used the same guidelines which the public schools use in determining tuition rates. Using the guidelines, the school was able to establish a tuition level that, for the first time in many years, did not have to be subsidized with privately raised funds. Their private funds will be used this year to improve family services and other related services which are not fully reimbursed by medicaid.

The three state-supported private schools want to respond to the state's most pressing needs. To do so, however, they must be funded at levels which enable them to balance their books. They must maintain competent staff which means that they must pay wages that are competitive with the public schools. They must maintain their physical plants and support appropriate levels of administrative support. *To ensure that tuitions are fair and to ensure that necessary and appropriate services are being provided, a rate setting committee should be established and given the authority to set rates for services based on an acceptable standard of care.* The rate setting committee should consist of persons representing: the Vermont State Board of Education, the House and Senate Education Committees, public schools, private schools, and the Department of Education. The Committee would first determine the standard of care to be provided and then determine appropriate reimbursement rates for specified services.

In addition to their rate setting function, the rate setting committee could assist private schools by advising them on the State's most pressing needs. The underlying purpose for having a rate committee is not to stifle the work of private schools. Its

purpose is to establish standards of care and reasonable rates of reimbursement. Over time, this should benefit private schools and, at the same time, ensure the public that services are equitable across private schools and appropriate to the needs of students placed in such schools.

Recommended Steps:

1. The Department should continue to publish reliable school district cost and enrollment data (special education profiles).

2. Local leaders and school boards should promote the use of progressive, cost-effective service models that result in maximum, long-term student achievement.

3. The Department should continue to identify factors that predict high and low per pupil costs and make this information widely available.

4. A rate setting commission should be established and given authority to establish minimum standards of care for private schools and allowable charges for services.

5. The Department should have at least a part-time consultant who can conduct on-site evaluations of all private school programs needed to serve children with disabilities.

6. The Commissioner should review all residential placements which are over ten times the elementary foundation costs.

Recommendation #8: *Implementation of the special education formula must be closely monitored. Incentives should be identified which promote maximum cost effectiveness. Districts which fail to pursue cost effectiveness should receive reduced funding.* Several superintendents, special education administrators, and association heads said that it was too early to alter the special education formula. Nevertheless, the Department presented the Commission with a proposal aimed at removing the incentive for districts to maintain high child counts.

ADM-Based Block Grant: The Commission concluded that objective consideration should be given to a block grant that does not encourage overcounting or discriminate against districts that conscientiously pursue alternatives to special education. There is evidence that the current block grant is driving up numbers. The number of students receiving speech and language services increased by 80 students in one supervisory union in 1989. Under the current block grant this translates into 60% funding of two full-time speech and language pathologists.

Child count percentages vary significantly across supervisory unions, ranging from 7.2% in Orleans Central to 19.6% in Washington South Supervisory Union. Orleans Central has a total enrollment (ADM) of 1,328 students; Washington South enrolls

989 students. Orleans Central serves 95 students in special education and receives a block grant of $72,044. Washington South, with 339 fewer students enrolled, serves 194 students in special education and receives a block grant of $127,755. Based on ADM, Orleans Central serves 26% more students overall, but receives 44% less in mainstream block grant funds than Washington South. The 12.4% spread in the percentage of children served in special education in these two districts most likely does not reflect true differences in disability incidence rates. Rather, it reflects differences in identification practices, case loads of special educators, and opinions of regular educators about labeling children and referring them for special education.

While the mainstream block grant has some positive features, it discriminates against the Orleans Centrals, St. Johnsburys, and South Burlingtons which have taken steps to keep their special education enrollments to a minimum. An ADM-based formula would help to maintain basic programs in each district but would remove any incentive to count students who could be appropriately served outside of special education.

Variable Incidence Rate Plan: The average special education enrollment level in Vermont is about 12% of the school-age population. A block grant program could be established which ranges from 10% to 14% (2% above and below the statewide average enrollment) of the total ADM. In calculating the block grant, no district would be credited with more than 14% of their total enrollment unless administrators can justify a higher percentage. Any district over the 14% ceiling would receive technical assistance from the Department of Education and would be required to develop a plan for reducing its count. If, after one year, the Department of Education determines that a child count in excess of 14% is unwarrented, the district's block grant reimbursement would be reduced to the upper reimbursement limit (2% above the statewide average enrollment level). No district would receive less than 10% for Block Grant purposes.

Applying the proposed formula change to the supervisory unions discussed above, Washington South would have the maximum allowable count of139 (14% of 989), down by 55. For Orleans Central, the allowable count would be 133 (10% of 1328) up by 37. The two supervisory unions would receive about the same level of block grant funding even though their total populations differ by about 340 students. A four percent spread across districts should adequately compensate for naturally occurring differences in incidence rates across supervisory unions.

Under the current block grant program, as districts take steps to serve proportionately more students in local remedial programs or in regular education, their special education funding will decrease. If the block grant were tied to ADM, it would fluctuate only to the extent that total enrollments change from year to year. If we expect districts to conscientiously pursue pre-referral practices and to bring under the arm of special education only those students who have failed to respond to at least two

proven interventions, then we should not base the mainstream block grant on the number of children served in special education. To do so, sends a mixed message: one calling for restraint in the identification of children; the other countering the restraint effort by offering increased funding for increased counts.

Loss of State and Federal Funds: Under the current state and federal funding formulas, each child dropped from the count will result in a loss of funds: $425 in FY 1991 for each student dropped from the speech and language count, $679 for each student dropped from resource room services or the consulting teacher count, $1104 for each student served in both programs.

In addition, districts will lose an additional $250 in federal funds for each student dropped from their rolls, making the above losses $675, $929, and $1,354 respectively. These losses may appear small, but they are not inconsequential to districts like South Burlington which have cut their child counts in half.

Extraordinary Services Formula: Vermont is one of five states which cover catastrophic costs as a distinct formula component. All costs which exceed three times the elementary foundation cost ($3,300 for FY 1990; $3,575 for FY 1991) are reimbursed at a 90% level. This formula component was originally introduced to protect districts against the catastrophic costs of unavoidable residential placements. It was said at the time that districts which put equivalent levels of support into maintaining high-cost students in local programs should be similarly protected. Hence, no restrictions other than the dollar limits have been placed on the catastrophic cost formula.

Based on FY 1991 Service Plan data, 743 students will receive some level of reimbursement under the extraordinary formula component. Of the 743 students, 117 represent residential placements. The balance, 655 students, will be served in public school programs and special day schools such as Vermont Achievement Center. The total educational costs of the 743 eligible students is $15,545,240. Of this amount, $6,818,804 will be reimbursed under the extraordinary formula. An additional $2.5 to $3 million will be reimbursed under the intensive formula.

Altogether, the state will cover about 65% of the total anticipated expenditures for students who have extraordinary costs. The increase in the extraordinary formula component from FY 1990 to FY 1991 is expected to be about eight percent (8%). If the year to year increases can be held at this general level, then the extraordinary formula component will not need major revamping.

Intensive Services Formula: Four principal factors determine a town's reimbursement under this formula component: (1) the town's eligible expenditures, (2) a town's reimbursement rate based on local wealth (3) the overall state-share rate, and (4) the availability of state funds. This is the least predictable of the three formula

components. If extraordinary costs exceed anticipated levels or if recisions are ordered, this is the particular reimbursement component that must be reduced. *Until the formula has been in full operation for a year or two, districts would be well- advised to treat any projections of intensive services reimbursements as rough estimates only.*

With final quarterly reports not due until August 15, it will be late September or early October before districts know what their final payments will be. We truly have a reimbursement formula. Consequently, districts must be financially prepared to cover intensive services costs, with actual reimbursement levels contingent on a variety of factors. A district's reimbursement level for any given year will not be known until all expenditures have been analyzed by the Department.

Quarterly Expenditure Reports: Beginning on July 1, 1990, all supervisory unions and school districts were required to file a quarterly analysis of special education expenditures, including a report of revenues derived from different funding sources. Much has been learned from this first year of required reporting.

Lessons from FY 1989: Total spending for special education in FY 1989 was $62,309,896. This includes $5,318,291 in federal grants, $28,093,287 in state grants, and $28,898,318 in local expenditures. This does not include state administration, costs covered by other agencies, non-reimbursed costs of private schools, and so on. The $62.3 million includes expenditures reported by local districts plus the grants sent to schools and other service providers by the Department of Education in FY 1989. It includes formula and non-formula spending.

On the revenue side, federal funds covered nine percent (9%) of the cost of special education, state funds covered 45% and local funds 46%. A comprehensive report on the FY 1989 expenditures is available from the Department of Education.

Because state reimbursements are henceforth contingent on the accuracy of the data reported in the quarterly expenditure reports, future reports should be audited. Initially, they should be audited for the purpose of providing instruction as well as achieving accuracy.

Recommended Steps:

1. Consideration should be given to amending the current mainstream block grant to a modified ADM-based grant which accounts for some degree of variability in incidence rates among districts.

2. Quarterly expenditure reports must be audited. The auditing should be conducted by persons who can ascertain accuracy in reporting and, at the same time, give districts practical guidance in how to manage the quarterly reporting requirements. A full-time auditor should be added to the Department staff to monitor the development of Special Education Service Plans and to audit the Quarterly Expenditure Reports

3. The manner in which districts calculate support services costs must be monitored closely. Clear guidelines should be issued for assisting districts in determining eligible support services costs.

Unmet Needs

The State Board of Education is required by Act 235, Section 14(c) to file an annual report with the legislature and governor on unmet needs in special education. The first report was filed in 1989 based on a special statewide survey. The unmet needs survey for 1990 was incorporated into the FY 1991 Special Education Service Plan application. The mandatory notification of new initiatives filed on April 15 of each year serves as an additional indicator of unmet needs.

School districts reported that an additional 85 specialists (this does not include related services personnel) are needed to appropriately serve students with disabilities. This information is summarized in Table (2). Of the 85 specialists needed, about three-fourths of them are needed for three disability categories: students who are seriously emotionally disturbed, students with speech and language impairments, and students with specific learning disabilities.

Nearly 27 specialists are required to meet the needs of students who are emotionally disturbed: four to manage resource rooms, 12 to serve as consulting teachers, and 11 to serve as integration specialists or special class teachers.

Twenty-one (21) speech language pathologists are needed as well as 12 specialists to work with students who have specific learning disabilities.

If schools were able to secure the additional personnel needed, most would employ consulting teachers or integration specialists.

Secondary Programs: Secondary programs are undergoing major modifications. Follow-up studies have provided conclusive evidence that students who have a variety of real work experiences during school have significantly higher rates of employment following completion of high school. This applies to both students with mild and severe disabilities. A growing number of secondary schools have hired employment specialists to locate appropriate job opportunities for students with disabilities and to prepare the students for successful on-the-job training experiences.

Services for Students with Emotional Impairments: Services for youths who are seriously emotionally disturbed are distressingly inadequate, both in the education and mental health fields. Virtually every type of service model is needed, including consulting specialists, resource rooms, and special classes. An increased residential capacity is also needed, both short-term crisis intervention programs and longer-term residential care facilities. The Departments of Education, Social and

TABLE 2

ANNUAL UNMET NEEDS SURVEY

ADDITIONAL PERSONNEL REQUIRED FOR 1990-1991

HANDICAPPING CONDITION	RR	CT/LS	SLP	EEE	OTHER	TOTAL
LEARNING IMPAIRED	1.20	2.60	-	-	2.73	6.53
HARD OF HEARING	-	-	-	-	0.20	0.20
DEAF	1.00	-	-	-	-	1.00
SPEECH AND LANGUAGE IMPAIRED	-	-	20.90	-	1.00	21.90
VISUALLY IMPAIRED	-	-	-	-	-	0.00
SERIOUSLY EMOTIONALLY DISTURBED	4.10	11.60	-	-	10.84	26.54
ORTHOPEDICALLY IMPAIRED	-	-	-	-	-	0.00
OTHER HEALTH IMPAIRED	-	-	-	-	0.33	0.33
SPECIFIC LEARNING DISABILITIES	2.80	7.05	0.50	1.00	0.60	11.95
DEAF - BLIND	-	-	-	-	-	0.00
MULTIHANDICAPPED	-	1.00	-	-	4.50	5.50
CROSS-CATEGORICAL	-	3.10	-	6.50	1.20	10.80
TOTAL	9.10	25.35	21.40	7.50	21.40	84.75

12/29/89

0.00

Rehabilitation Services, and Mental Health have developed a System of Care Plan which delineates the services needed for children and youth with severe emotional disorders. The unmet needs of students who are seriously emotionally disturbed are more fully described in the final report of the Special Commission on Special Education.

Language Intensive Services: School districts, private evaluators, and several parents representing the Vermont Association for Learning Disabilities have called for the establishment of intensive language-based programs for students who have severe language impairments or specific learning disabilities. These programs function much like part or full-time special classes. Typically, a speech and language pathologist in collaboration with a learning specialist provides intensive instruction in writing, reading, and other areas of receptive and expressive language. Study skills are emphasized in such programs as well. Ten supervisory unions have indicated a need for intensive language programs.

Itinerant Hearing Services: Students with severe hearing impairments can often be served in their home schools provided that they receive appropriate audiology and consultation services. Vermont now has one itinerant teacher of the hearing impaired in six regions. Several of these specialists report that their case loads are much too high to meet the needs of the students whom they have identified. Services for students with hearing impairments must be improved. These are not the students who, with proper amplification, can hear most of the communication that takes place in a classroom. These are children who with the best amplification technology do not hear the entire sound spectrum. They require modifications and special accommodations in virtually all classes.

Essential Early Education: On July 1, 1991, the special education entitlement will extend to students in the three to five age group. This means that each school district must have a system in place for identifying all children who qualify for special education and must have the resources on line for serving them. Presently, there are 17 supervisory unions which have only limited access to regional programs. Five (5) districts have neither services in place nor access to services in other regions. In addition, there are regions of the state which serve only a modest percentage of the students who are eligible under current state standards. In 1990, the Legislature must determine how special education for the state's preschool children will be funded.

Orthopedic Impairments: At least one full-time itinerant specialist is needed to provide consultation to schools for children who have severe physical impairments. Occupational and physical therapists can give practical ideas in the use of prosthetic devices. However, students with severe cerebral palsy, spinal cord injuries, and multiple sclerosis often need help in dealing with psychological issues. At the secondary level, these students may require special guidance about possible career choices and

special challenges they will face in the world of work. Teachers need advice about technology assistive devices. Schools need access to at least one well informed consultant for the 200 students who have severe physical disabilities.

Related Services: Students who qualify for special education also qualify for related services. Local administrators reported a need for an additional 65 specialists to meet the related services requirements of students on IEPs. The number of specialists needed is as follows:

	Full-Time Equivalent Staff Needed
Employment/Vocational Specialists	07.45
Adaptive Physical Education	00.70
School Psychologists	15.55
Social Workers	09.50
Occupational Therapists	05.40
Physical Therapists	03.85
Diagnostic Specialists	03.85
Counselors	06.80
Other	13.00
	66.10

These perceived personnel needs denote the fact that not all students are receiving the type or level of services they require. As we actively pursue the containment of special education costs, it must be remembered that there are specific unmet needs. Some of the services now offered under the aegis of special education will have to be absorbed by regular education and other state agencies so that special education can adequately serve a narrowly defined population of intensive needs children.

Unfinished Business

The Commission was not able to address all aspects of eligibility, service delivery, and cost containment. There was insufficient time to address such issues as the application of the fifty-fifty state share provision to all special education expenditures rather than formula expenditures alone. Incentives for districts to lower their costs and child counts were not adequately addressed. Key legislative committees may want to address these issues further.